

ORIGINAL

COMMISSIONERS  
GARY PIERCE - Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

OPEN MEETING ITEM



ARIZONA CORPORATION COMMISSION



0000138102

ERNEST G. JOHNSON  
Executive Director

RECEIVED

2012 JUL 20 A 11:05

DATE: JULY 20, 2012  
DOCKET NOS.: WS-04245A-04-0184  
TO ALL PARTIES:

AZ CORP COMMISSION  
DOCKET CONTROL

Enclosed please find the recommendation of Administrative Law Jane Rodda. The recommendation has been filed in the form of an Opinion and Order on:

RED ROCK UTILITIES, LLC  
(EXTENSION OF TIME DEADLINE CONTAINED  
IN DECISION NOS. 67409 AND 71499)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JULY 30, 2012

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

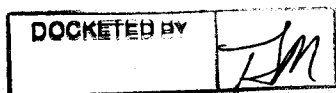
AUGUST 9, 2012

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

JUL 20 2012



ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 GARY PIERCE - Chairman  
4 BOB STUMP  
5 SANDRA D. KENNEDY  
6 PAUL NEWMAN  
7 BRENDA BURNS

8 IN THE MATTER OF THE APPLICATION  
9 OF RED ROCK UTILITIES, LLC FOR A  
10 CERTIFICATE OF CONVENIENCE AND  
11 NECESSITY.

DOCKET NO. WS-04245A-04-0184

DECISION NO. \_\_\_\_\_

**ORDER EXTENDING TIME**  
**DEADLINE CONTAINED IN**  
**DECISION NOS. 67409 AND 71499**

12 **BY THE COMMISSION:**

13 \* \* \* \* \*

14 Having considered the entire record herein and being fully advised in the premises, the  
15 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

16 **FINDINGS OF FACT**

17 1. In Decision No. 67409 (November 2, 2004), the Commission approved the application  
18 of Red Rock Utilities, LLC ("Red Rock" or "Company") for a Certificate of Convenience and  
19 Necessity ("CC&N") to provide water and wastewater service in Pinal County.

20 2. As part of Decision No. 67409, the Commission ordered:

21 ...Red Rock Utilities LLC shall file a rate application for its water and  
22 wastewater systems no later than three months following the fifth  
23 anniversary of this Decision.

24 3. Based on the effective date of Decision No. 67409, the original deadline for filing a  
25 rate case was February 2, 2010.

26 4. In December, 2009, Red Rock filed a "Motion for Extension of Compliance Filing Date  
27 Deadline," in which it sought to have the deadline to file a rate application extended to August 3, 2012,  
28 because there had been a change in ownership of the master planned community of Red Rock Village  
and because the recession had significantly slowed the pace of development. The Commission granted  
an extension of the deadline until August 3, 2012, in Decision No. 71499 (March 17, 2010).

1           5.       On June 26, 2012, Red Rock filed a "Motion for Further Extension of Compliance  
2 Filing Date Deadline." Red Rock seeks an extension of the deadline to file its rate case until August  
3 3, 2014. The Company reports that in March 2010, when Decision No. 71499 was issued, Red Rock  
4 had 527 customers, and that currently it has 575 customers. The Company states that its internal  
5 review indicates that if a rate case were filed by the current August 3, 2012, deadline, both the water  
6 and wastewater divisions would warrant significant rate increases. The Company asserts that the  
7 effects the 2008 financial crisis and recession continue to burden the homebuilding industry in  
8 southern Arizona. As a result, the owners of Red Rock have concluded that filing for a rate increase  
9 at this time would not be in the best interests of current ratepayers, the near-term future of the Red  
10 Rock Village community as it tries to attract additional residents, or the long-term interests of the  
11 water company. The Red Rock owners state that they are committed to providing the resources  
12 necessary to ensure that Red Rock will continue to provide adequate, reliable and good quality  
13 service.

14           6.       On July 2, 2012, the Commission's Utilities Division ("Staff") filed a Memorandum  
15 addressing the Company's requested extension. Staff did not object to Red Rock's request, and  
16 agreed that the general development slowdown, with the associated slowdown in customer growth,  
17 continues to warrant an extension of the deadline. Staff recommends that the Commission extend the  
18 pending August 3, 2012, rate case deadline for the Company's Pinal County water and wastewater  
19 systems until August 3, 2014.

20           7.       The recession that severely hampered the real estate market in southern Arizona  
21 continues to affect customer growth such that in the last two years, Red Rock has seen growth in  
22 Pinal County of only 50 new connections, and there are only 575 connections in a development zoned  
23 for 3,900. Under the circumstances, the requested extension of two years to file a rate case is  
24 reasonable and should be granted.

#### CONCLUSIONS OF LAW

25  
26           1.       Red Rock is a public service corporation within the meaning of Article XV of the  
27 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

28           2.       The Commission has jurisdiction over Red Rock and the subject matter of the request.

3. The requested extension of the deadline to file a rate case application is reasonable and should be approved.

**ORDER**

IT IS THEREFORE ORDERED that the **deadline** for Red Rock Utilities, LLC to **file a rate case for its Pinal County water and wastewater operations**, as required in Decision No. 67409, and Decision No. 71499, is **extended to August 3, 2014**.

IT IS FURTHER ORDERED that the other provisions of Decision No. 67409 and 71499 shall remain in effect.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN \_\_\_\_\_ COMMISSIONER \_\_\_\_\_

COMMISSIONER \_\_\_\_\_ COMMISSIONER \_\_\_\_\_ COMMISSIONER \_\_\_\_\_

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
Executive Director of the Arizona Corporation Commission,  
have hereunto set my hand and caused the official seal of the  
Commission to be affixed at the Capitol, in the City of Phoenix,  
this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

\_\_\_\_\_  
ERNEST G. JOHNSON  
EXCUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

1 SERVICE LIST FOR: RED ROCK UTILITIES, LLC

2 DOCKET NO.: WS-04245A-04-0184

3  
4 Lawrence V. Robertson, Jr.  
5 Attorney at Law  
6 Post Office Box 1448  
7 Tubac, AZ 85646  
8 Attorney for Red Rock

9 Red Rock Utilities LLC  
10 2200 East River Road  
11 Suite 115  
12 Tucson, AZ 85718

13 Janice Alward, Chief Counsel  
14 Legal Division  
15 ARIZONA CORPORATION COMMISSION  
16 1200 West Washington Street  
17 Phoenix, AZ 85007

18 Steven M. Olea, Director  
19 Utilities Division  
20 ARIZONA CORPORATION COMMISSION  
21 1200 West Washington Street  
22 Phoenix, AZ 85007

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